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SIPDIS

SENSITIVE

DEPT FOR EAP/TC, H-LMO Peter Su
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SUBJECT: Congressman Mark Kennedy and Foreign Minister Chen
Discuss Special Military Budget and Economic Issues

1. (SBU) Congressman Mark Kennedy from Minnesota's Sixth District met with Taiwan Foreign Minister Mark Chen (Chen Tan-sun) June 5 during a two-day trip to Taiwan, covering many of the same issues he discussed with President Chen and Legislative Yuan Chairman Wang Jin-pyng (reported septels). Congressman Kennedy praised Taiwan for reopening its beef market to U.S. imports and progress on the protection of intellectual property. He urged Taiwan to continue to maintain and expand market access for U.S. goods, especially medical products, in which Minnesota is particularly competitive. He suggested Taiwan could look to the Netherlands, which serves as a gateway to Europe for many U.S. firms, as a model for Taiwan in Greater China. He commented that Taiwan should relax unnecessary restrictions on businesses to capitalize on its advantages as a place for U.S. businesses to operate. As examples of these types of regulations, he cited restrictions on the employment of foreign interns and limits on cross-Strait investment for firms based in Taiwan. Chen, in turn, asked Congressman Kennedy to support a free trade agreement with Taiwan. Congressman Kennedy affirmed his support for advancing trade but noted the political sensitivities in the U.S. surrounding free trade agreements.

2. (SBU) Congressman Kennedy also told Chen that passage of the Special Defense Procurement Budget was important to the United States. He noted that Japan pays for 85 percent of the costs of U.S. forces based in Japan and that South Korea pays for 40 percent of the costs of U.S. troops there. He asked that Taiwan not take the U.S. for granted and invest in its own defense. Chen assured Congressman Kennedy that this issue was at the top of President Chen's agenda and that both the President and Minister of National Defense were working hard to get the Special Budget passed by the Legislative Yuan. He noted that the Minister of National Defense had said he would resign if the bill were not passed. Chen pledged to do his own part in public appearances to promote the bill. He offered that Taiwan would be willing to reimburse costs for U.S. troops based in Taiwan. Congressman Kennedy indicated that passage of the Special Budget would be enough.

3. (U) Congressman Kennedy's office has cleared this message.

PAAL